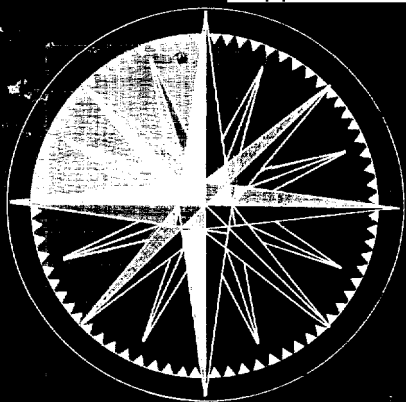


SECRET

Approved For Release 2008/03/17 : CIA-RDP79-00927A004600050001-8



18 September 1964

OCI No. 0349/64

Copy No. 73

WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed

ARMY review(s) completed.

25X1

20.85 26/1

SECRET

GROUP 1 Excluded from automatic
downgrading and declassification

Page Denied

SECRET

C O N T E N T S

(Information as of 1200 EDT, 17 September 1964)

25X1

THE COMMUNIST WORLDPage

PEIPING BUYS MORE FREE WORLD INDUSTRIAL PLANTS 2

It has bought at least ten in the past year and is negotiating now for a synthetic fiber plant in Japan. Its representatives have also inquired about a wide variety of other industrial installations in Japan and Western Europe.

DISCORD IN THE CHINESE COMMUNIST PARTY 3

The main target of attacks on "revisionists" seems to have been middle-level party officials, but recent criticisms of a low-ranking central committee member has led to speculation that a high-level shake-up may be in the offing.

YUGOSLAVIA AND THE SECOND NONALIGNED CONFERENCE 4

At the second nonaligned conference, the Yugoslavs claim they will play a moderating role but it is doubtful that they will sacrifice any opportunity to enhance the Yugoslav position among the nonaligned countries to do so.

ASIA-AFRICA

HANOI'S INFILTRATION ROUTES 5

Four major infiltration routes are maintained by Hanoi to provide logistical support to the Viet Cong. Measures now are being taken on one of these routes--probably the main one--to reduce its vulnerability to air attack.

SECRET

SECRET

<u>ASIA-AFRICA (continued)</u>	<u>Page</u>
ABORTIVE COUP ATTEMPT IN SOUTH VIETNAM	7
Deep divisions both in the government and in the general public have been exposed, and there is some evidence that the Viet Cong may soon intensify their activity.	
AREA NOTES	8
On Indonesia-Malaysia	
ARAB SUMMIT DEVELOPMENTS	9
Last week's Cairo meeting achieved some progress on plans for diverting the Jordan's tributaries and on creating an Arab military force, but fears of Egyptian domination forced Nasir to accept several compromises.	
CYPRUS TENSION EASES	10
Several moves by UN authorities and by President Makarios have reduced tensions in recent days, but no progress has been made toward resolving the basic problem.	
AREA NOTE	11
On Gabon	
CONGO GOVERNMENT MAKES FURTHER GAINS	12
Rebels have been pushed back on several fronts, and Tshombé is meeting with the OAU's conciliation commission to extend recent diplomatic gains.	
SOUTHERN RHODESIAN INDEPENDENCE ISSUE	13
Last week's London agreement on preliminary steps has bought a little time, but British and white Rhodesian views remain basically opposed.	

EUROPE

BERLIN PASS NEGOTIATIONS	15
The new pass agreement remains elusive as Bonn rejects the latest compromise because it still implies recognition of East Germany.	
EUROPEAN POLITICAL UNION	16
Belgian Foreign Minister Spaak has stimulated new interest in political union with his proposal that a three-man commission work out definitive plans for European unification.	

SECRET

SECRET

<u>EUROPE (continued)</u>	<u>Page</u>
NATO'S UNANSWERED QUESTIONS ON MALTA	17
NATO's base agreements will have to be renewed as the North Atlantic Council wonders about the future membership status of an independent Malta and whether its next government will advocate neutrality.	
AREA NOTE	17
On Finland	

WESTERN HEMISPHERE

RECENT DEVELOPMENTS IN GUATEMALA	18
The Peralta regime has been successful so far in thwarting the plans of guerrillas and intriguing politicians. It is concerned, too, with new developments in the long-standing dispute with Great Britain over British Honduras.	



25X1

AREA NOTE	20
On Uruguay	

SECRET

Page Denied

Next 1 Page(s) In Document Denied

25X1

SECRET**The Communist World****PEIPING BUYS MORE FREE WORLD INDUSTRIAL PLANTS**

Since mid-1963 Peiping has bought from the West at least ten complete industrial installations worth almost \$100 million. It is negotiating for several more. Most of the contracts already signed are for petroleum refineries and chemical plants--fertilizer, plastics, and synthetic fiber--and most of them provide for five-year credits and technicians to help operate the plants. To date, Peiping has spread its purchases among a number of free world countries with contracts concluded in Italy, West Germany, France, Britain, the Netherlands, and Japan.

The most recent purchases are a \$12.5-million plastics plant from Britain, and a small synthetic fiber plant and a petroleum refinery from West Germany. The Chinese have concluded a provisional contract for a Japanese synthetic fiber plant and have also inquired about a wide variety of other industrial installations in Japan and Western Europe.

Along with these new plant deals, the Chinese are accepting substantial numbers of non-bloc technicians needed to supervise construction and operations. In addition, some Chinese technicians will be sent to the free world for training. While no less xenophobic than in the past, Peiping faces the necessity of accepting outside assistance to

CHINESE PLANT PURCHASES IN THE FREE WORLD SINCE MID-1963

Type of Plant	Country of Origin	Reported Value (million dollars)	Capacity (ton. per year)
Vinylon fiber	Japan	20	11,000
Synthetic ammonia	UK	6 - 8	100,000
Urea fertilizer	Netherlands	5 - 8	175,000
Nitrogen fertilizer (two plants)	Italy	25	300,000
Petroleum refinery	Italy	5 - 9	14, A.
Industrial alcohol	France	less than 5	14, A.
Petroleum refinery	West Germany	12.5	14, A.
Synthetic fiber	West Germany	1.5	14, A.
Plastic	UK	12.5	14, A.

640915 2

perform many technically advanced tasks. In any event most, if not all, free world suppliers would refuse to guarantee their equipment unless installation was supervised by their own experts.

Because of lags in deliveries and construction it will be several years before all the plants already purchased will be in full operation. Equipment and increased numbers of free world technicians, however, should begin arriving in China soon. Construction on a \$20-million Japanese synthetic fiber plant is to begin early in 1965 near Peiping. A fertilizer complex purchased from Dutch and British firms will be started next summer at Lu-chou. Several other Western plants are also scheduled for construction beginning next year.

25X1

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 2

SECRET

The Communist World

DISCORD IN THE CHINESE COMMUNIST PARTY

As Peiping and Moscow move steadily toward a formal split, the Chinese Communists have been simultaneously sharpening attacks on "revisionists" within their own ranks. By Chinese definition, a revisionist is anyone who is willing to be conciliatory toward the USSR or indifferent toward the class struggle at home. So far, the main target of the attacks seems to have been middle-level party officials, although the recent criticism of a low-ranking central committee member has led to speculation that a high-level shake-up may be in the offing.

The chief scapegoat named to date is Yang Hsien-chen, 92nd in the 93-man party central committee, head of the Higher Party School until about 1959, and a Moscow-trained Marxist philosopher of some note. This is the first time since the antirightist purge of 1957-58 that a high party figure has been criticized by name. Since mid-July the party journals People's Daily and Red Flag have repeatedly attacked Yang for espousing revisionist views at the Higher Party School where he reportedly still continued to lecture, at least as recently as April 1964. The chief accusation against Yang is that he propagated a dialectical theory which provides a basis for reconciliation with Soviet revisionism. Peiping asserts that Yang's "combine two into one" theory runs directly counter to Mao Tse-tung's thesis that at this time a split in the Communist movement would be natural because "everything tends to divide into two."

According to a Red Flag article broadcast on 7 September, the de-

bate over Yang's heresy is becoming "ferocious" and resembles the one that raged in the USSR during Stalin's struggle against what the article called the "Trotsky-Bukharin antiparty grouping." There was no other suggestion that a parallel antiparty grouping might be developing in China, however, and most likely the statement was intended chiefly as a new, sharper warning to would-be revisionists.

The moderate, conciliatory philosophy Yang stands for probably appeals to many middle-of-the-road party members. Peiping has conceded that even in the relatively clean Chinese society there are some "degenerates" who must be weeded out.

It has long been an anomaly that Chou En-lai and a few other politburo figures seemingly hold views not markedly different from those attributed to Yang. There is no evidence, however, that their political health is in decline. In Chou's case at least, his political position was confirmed in an official announcement on 12 September listing him among the "close comrades-in-arms of Mao Tse-tung" who had been elected along with Mao as delegates to the forthcoming Third National Peoples Congress from the Peiping municipality.

Chou En-lai could well be in poor physical health, however. Usually very active, he has been out of public view since 10 August and, according to the head of the New China News Agency in Hong Kong, may not resume his government duties until the end of September.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 3

SECRET

The Communist World

YUGOSLAVIA AND THE SECOND NONALIGNED CONFERENCE

The second nonaligned conference opening in Cairo on 5 October will probably be no more favorable to Western interests than was the first in Belgrade in September 1961. At that time Tito sharply criticized the West and condoned Khrushchev's decision to resume nuclear testing in the atmosphere.

Although Yugoslav officials claim they will play a moderating role at the conference, it is doubtful that they will sacrifice any opportunity to enhance the Yugoslav position among the non-aligned countries. Tito, the UAR's Nasir, and Indonesia's Sukarno, jockeying to dominate the conference, probably will exaggerate statements catering to the diverse interests and prejudices of the delegates.

Yugoslavia already opposes Western positions on many of the items on the conference agenda. Tito's strong statement of 11 August, condemning the West for its activities in Vietnam, Cyprus, and the Congo, specifically calls for the conference to deal with these issues. The Yugoslav press has implied that Soviet policy in these countries has been helpful to world peace.

On disarmament and nuclear weapons--an important item on the agenda--Yugoslavia's position is sharply pro-Soviet. Tito has consistently supported Moscow's call for complete and total disarmament, even to the point of including such a provision in the Yugoslav constitution.

Tito's efforts to assert leadership of the nonaligned states will be enhanced by a discussion of the proposed codification by the UN of the principles of coexistence, an item which is especially attractive to the less developed states. Tito first broached this subject in a 1960 speech before the UN. Yugoslav officials have indicated that they will exert a moderating influence on the discussions of "colonialism" but they may be unable to do so because of the strong emotions this issue arouses among the African nations.

In an effort to reconcile "nonaligned" with "socialist" views, the Yugoslavs may amplify a theoretical justification for a socialist country's being non-aligned, a view they first put forth last year and recently restated in the party's theoretical journal, Komunist.

25X1

SECRET

SECRET

Asia-Africa

HANOI'S INFILTRATION ROUTES

North Vietnam has four major logistic and infiltration routes over which it furnishes support to insurgents in South Vietnam and Laos. Since 1960, when men and supplies began moving down these life lines in large quantities, Hanoi has invested considerable effort in improving and protecting roads and installations. It is estimated that through 1963 at least 12,000 and possibly as many as 20,000 well-trained military and political cadres have followed these routes to provide the Viet Cong in South Vietnam with the backbone of their forces. Modern weapons and ammunition, as well as other supplies not available locally to the Viet Cong, have also been moved south from North Vietnam. The net result of Hanoi's support has been a gradual and continual improvement in Viet Cong capabilities for guerrilla warfare.

Recent infiltration studies by COMUSMACV indicate that most guerrillas enter South Vietnam over three major land routes and one seaborne infiltration route. One of the land routes crosses the Demilitarized Zone along the 17th parallel; the other two use secure routes through Laos and

Cambodia. The route into Laos extends from the rail terminus at Vinh and the convoy staging area at Bai Due Thon down Route 12 to several Communist logistical installations along Route 9 in Laos. Vehicular traffic apparently stops at Muong Phine, Tchepone, and Ban Thay, and supplies are then carried by men or animals over numerous trails into South Vietnam. Many of the trails apparently enter South Vietnam along the Quang Nam Province border. This route serves as a major Viet Cong logistic channel.

Aerial photography from March through May of this year revealed that truck traffic on Route 12 would have been considerably in excess of the requirements of Communist forces in Laos estimated to be in this area. Many of the trucks reportedly carried troops. Some of the supplies trucked in were probably intended for stockpiling before the rainy season when the roads became impassable, but it is believed that a considerable amount was probably intended for the Viet Cong.

Recently, Hanoi has apparently taken measures to

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 5



SECRET

Asia-Africa

reduce the vulnerability of exposed installations to aerial attack. The precaution probably stems from recent statements in the Western press that US officials are considering the bombing of infiltration or logistic targets as one measure to try to make Hanoi "cease and desist" in its support of the Viet Cong.

In recent aerial photography, the Bai Due Thon installation appears to be abandoned. At least 24 of its 30 buildings have been completely dismantled. A heavily traveled path, not evident on previous photography, leads into the woods south of Route 12. On many occasions large numbers of trucks were photographed at Bai Due Thon as they formed their convoys for movement down Route 12.

Farther south, at the Mu Gia camp on the North Vietnam - Laos border, several buildings have been dismantled. In addition, a bunker appears to be under construction in front of the large headquarters building, suggesting some expansion of underground facilities or defenses. Other defenses include six bunkers and numerous automatic weapons and antiaircraft emplacements. Both Bai Due Thon and Mu Gia are

relatively new installations and both played a major part in the logistic activity noted earlier this year. In Laos, vegetation is overgrowing one area of the Muong Phine camp and several buildings have been dismantled. No change is apparent in the Tchepone complex although very little activity has been noted here on almost daily low-level photographic missions.

The dismantling of these installations does not indicate that Hanoi intends to slow down its logistical support for the Viet Cong and Pathet Lao. Rather, these facilities are probably being moved to nearby areas in the jungle where they will be difficult to detect and where they will not present such tempting targets for aerial attack. Hanoi has amply demonstrated its capabilities for moving men and materiel clandestinely. If anything, Hanoi's apparent willingness to return to such techniques underscores the fact that it is determined to keep the supplies flowing.

Supplies also come from the Cambodian ports of Sihanoukville and Kep and are then brought to the Viet Cong by the many rivers and canals in the Mekong Delta area.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 6

SECRET

Asia-Africa

ABORTIVE COUP ATTEMPT IN SOUTH VIETNAM

The abortive coup attempt against Premier Khanh on 13 September further exposed the deep internal divisions both in the government and the general public. The coup leaders were IV Corps commander Duong Van Duc, and the outgoing Interior Minister, General Lam Van Phat. Initially successful in Saigon, the coup quickly foundered when its leaders failed to attract support from other military commands and the US affirmed its strong disapproval. Khanh's key support came from the air force commander, General Nguyen Cao Ky, with assistance from commanders of the marines, navy, airborne brigade, rangers and I Corps in the north.

Most of the coup principals had recently been transferred or relieved of command as part of a broad reshuffle intended to curb Khanh's political rivals and to remove targets of Buddhist criticism. The coup probably also reflected more generalized concern in the armed forces that Khanh had gone too far in acceding to Buddhist demands. Many who supported Khanh probably share this concern. Khanh's plans for the early reinstatement of the five generals of the Minh junta, whom he had earlier accused of neutralist plotting, may also have been a factor.

The coup and its aftermath have led to yet another shift in Khanh's power base. Ky and the other generals who saved Khanh have occupied the center of the stage ever since. They have referred by implication to Khanh's dependence on them and publicly warned that if he does not accede to their demands within a reasonable time, they will act themselves. Among their demands is an extensive purge of the armed forces at the senior officer level, including not only the coup instigators, now under arrest, but also the five generals of the Minh junta. They also profess support for Khanh's announced intention to turn the government over to civilians within a few months, although reserving the option to seize power if the civilians fail.

Viet Cong activity, primarily widely scattered small-scale attacks, harassment, and sabotage, rose gradually during the week to 582 incidents, somewhat above the 1964 weekly average. A recent broadcast by the National Front for the Liberation of South Vietnam exhorted "compatriots" to rise up on all fronts to exploit the government's disarray. This suggests the Viet Cong activity may soon intensify significantly.

25X1

SECRET

SECRET**Asia-Africa****AREA NOTES**

Indonesia-Malaysia: Tensions have eased over the most immediate problem in the Indonesian-Malaysian situation--the return of the British naval task force to Singapore from Australia. Djakarta apparently prefers to avoid the risk that this activity will escalate into open war, but can be expected to continue to infiltrate guerrillas into Malaysia--both in Borneo and on the mainland.

Indonesia reacted to British plans to return the task force through the Sunda Strait by placing its own forces in a state-of-readiness alert. It then announced month-long naval exercises in the Sunda Strait that would, in effect, close it to foreign naval vessels. In

the face of this move, Britain decided to reroute its task force through the Lombok Strait.

Britain is increasing its naval and air strength in Malaysia

25X1

President Sukarno plans to leave on 18 September for a trip to Europe and the nonaligned nations conference in Cairo, which opens on 5 October.

25X1

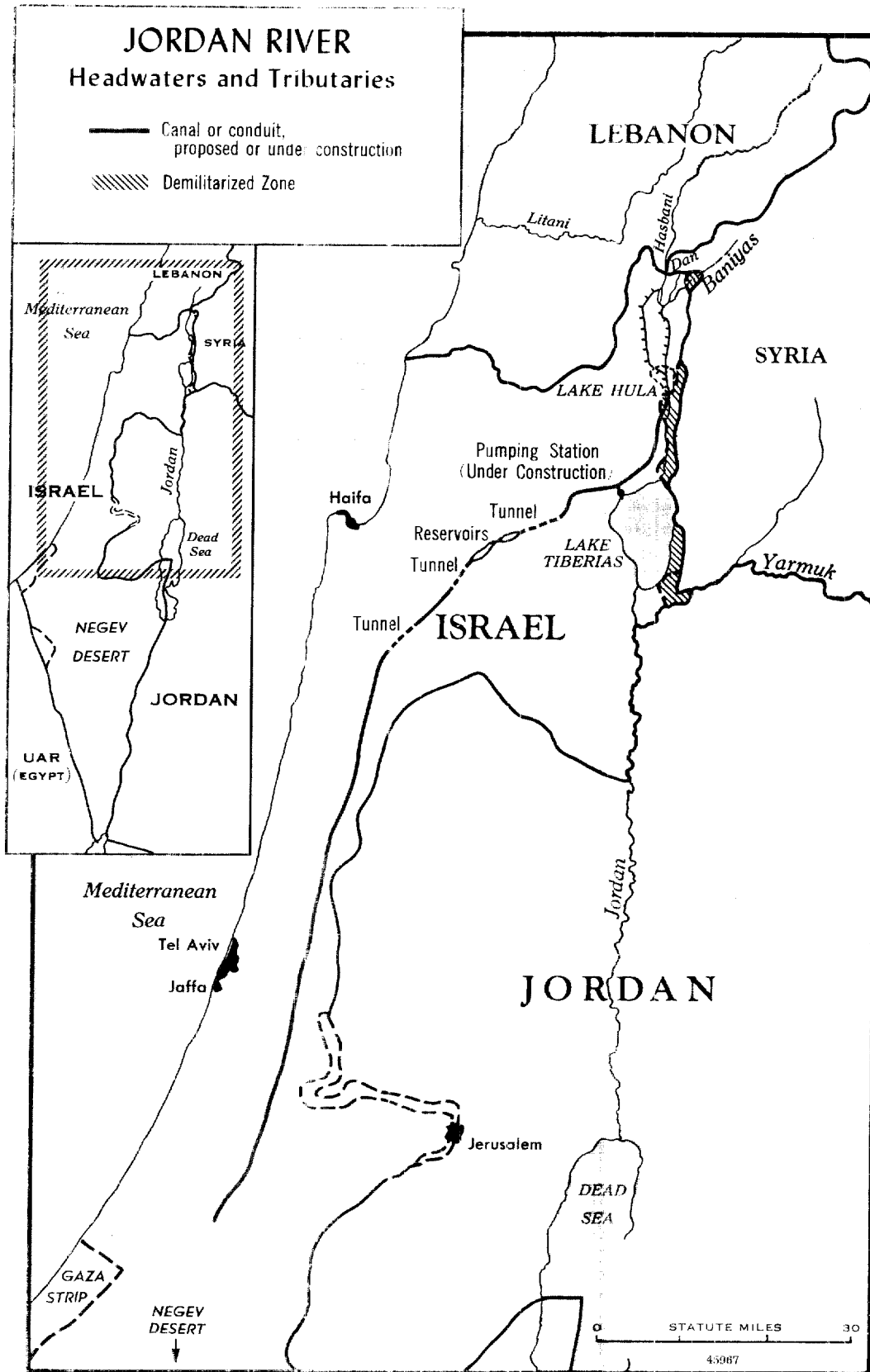
25X6

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 8



SECRET

Asia-Africa

ARAB SUMMIT DEVELOPMENTS

The second Arab summit conference on 5-10 September produced some progress on plans to divert the Jordan River headwaters and on the creation of an Arab military force. Fears of Egyptian domination, however, put a brake on Nasir's desire for more energetic moves. He was forced to accept compromises that made the conference less of a personal political triumph than was the first summit held last January.

The United Arab Command (UAC), established in January to create a military force capable of warding off an Israeli military response to the Arab diversion projects, received additional financial backing. Syria, Jordan, and Lebanon, however, refused to permit mixed Arab forces to be stationed in their territory. This refusal has considerably lessened the UAC's capability to be a quick and effective force along Israel's frontiers as originally envisaged.

Jordan reaffirmed its commitment to expand its own military forces, and additional funds

for this purpose were pledged. Both Jordan and Lebanon successfully resisted Egyptian pressure to acquire Soviet arms--ostensibly to achieve standardization. This pressure is likely to increase if they do not fill their requirements from Western sources.

On diversion itself, it was agreed that two projects are to be started soon: the Mukhayban Dam on the Yarmuk River between Jordan and Syria, and the diversion of the Banyas River in Syria. Lebanon, however, refused to begin any work on its tributaries until the Arab states are prepared to counter any Israeli military response. The Lebanese estimated it would take at least three years to build such a force.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 9

SECRET

Asia-Africa

CYPRUS TENSION EASES

Several moves by UN authorities and President Makarios have reduced tension on Cyprus in recent days, but no progress has been made toward a solution of the basic problem--the coexistence of Greek and Turkish Cypriot communities. Ankara, claiming that refugees at Kokkina faced starvation, had threatened to use force to ensure that relief supplies got through to hard-pressed Turkish Cypriot communities. This latest threat of a military confrontation ended, however, when UN Commander Thimayya's report tended to substantiate the claims and the UN forces dispatched emergency relief.

Subsequent proposals from President Makarios, if implemented, could lead to a more general relaxation of tension. On 15 September he announced that the economic blockade had been lifted throughout the island and that relief shipments from Turkey would be allowed to land at Famagusta apparently duty free. The first Turkish relief ship was slated to arrive on 17 September.

Makarios also proposed a general amnesty, the removal of all fortified positions by both sides, and the granting of financial aid to Turkish Cypriot refugees wishing to return to

their homes. The skeptical Turkish Cypriots suggest he may be attempting to place his regime in a favorable light during the UN Security Council debate on extending the UN mandate for Cyprus.

The Security Council is expected to extend the mandate for an additional three months--to 26 December. Secretary General Thant hopes to strengthen the UN forces' position by including in his latest report "assumptions" upon which he intends to have them act. Thant "assumes" the UN cannot discharge its functions unless it has unrestricted freedom of movement, and the right to remove positions and fortified installations endangering peace, to take all necessary measures in self-defense, and to demand that opposing armed forces be separated by a buffer zone.

A Cypriot delegation arrived in Moscow on 11 September to negotiate for possible military aid from the USSR.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 10

SECRET

Asia-Africa

25X1

[redacted] It is unlikely that the USSR will provide any significant military aid [redacted]

In Turkey, all leaves have been canceled for army and air units but there has been no other

indication of any increase in the alert posture of the armed forces. The move could be related to the crisis over the sending of supplies to Turkish Cypriots, to reports of a new build-up of Greek Cypriot forces in preparation for attacks, or to plans to rotate part of Turkey's army contingent on Cyprus later this month. [redacted]

25X1
25X1

25X1

AREA NOTE

Gabon: The relatively mild sentences handed down on 10 September to the participants in last February's abortive coup indicate that President Mba is finally making some effort to conciliate his political opposition. He remains unpopular, however, and would probably be overthrown should the French withdraw their military support.

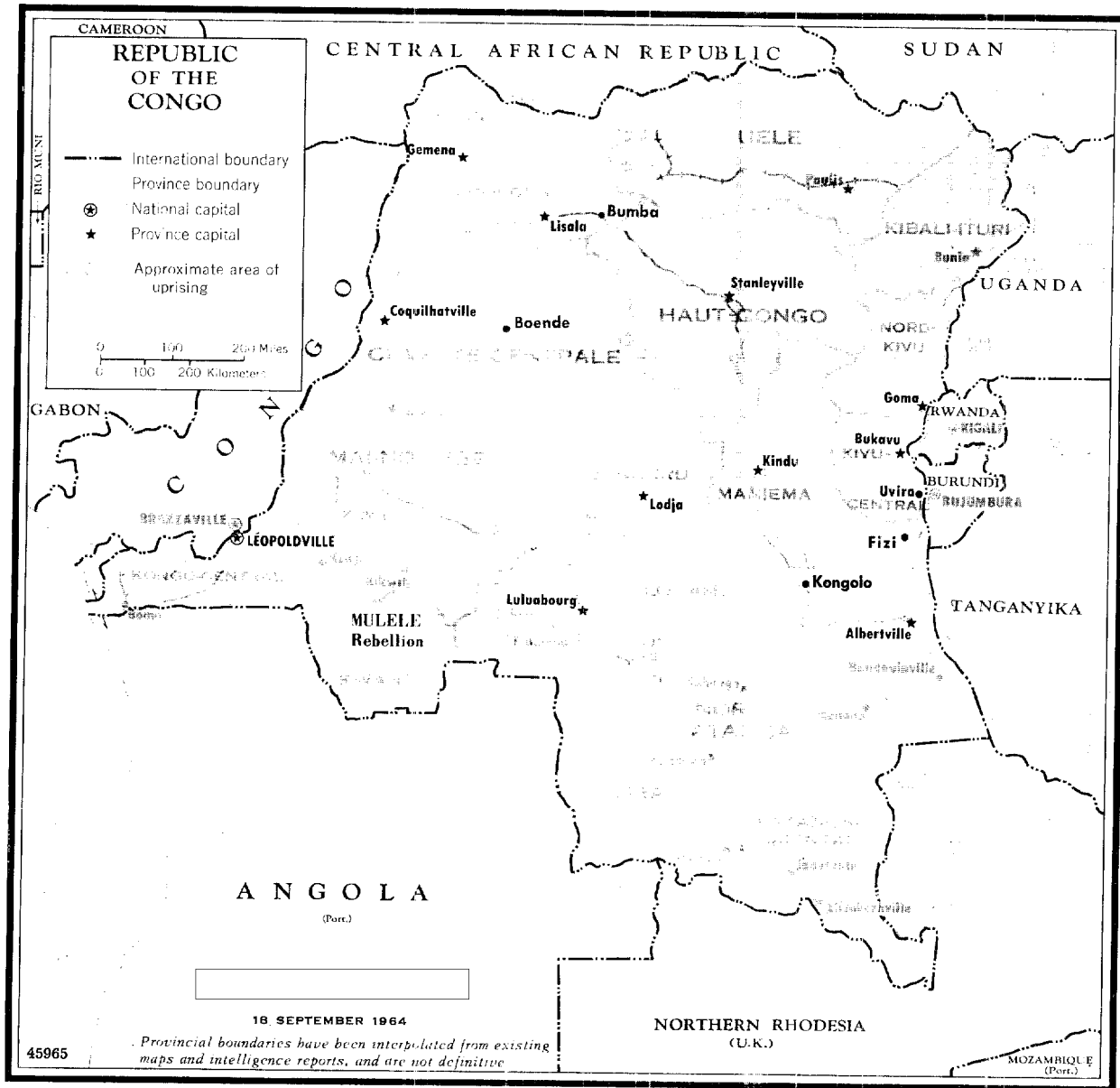
The verdicts of the special security court--almost certainly directed by Mba under French prodding--were designed to support the government's contention that the coup was led by a few military malcontents with the knowledge of some civilians, notably Jean Aubame, the head of the short-lived provisional government. The two army lieutenants who led the coup attempt received 20 years at hard labor,

and Aubame--probably the only opposition figure able to marshal wide popular support--was sentenced to 10 years' imprisonment and 10 years' loss of civil rights.

Many supporters of Mba are hailing the political wisdom of the verdicts, but the trial bolstered opposition claims that only French force is keeping him in power. Mba, afraid that the trial would touch off a popular demonstration in Libreville, the capital, held it in an isolated schoolhouse in Lambarene some 100 miles away. Opposition elements remain disorganized and disheartened, however, and apparently unwilling to move against Mba if it entails confronting the French troops stationed in Gabon. [redacted]

25X1

SECRET



25X1

SECRET

Asia-Africa

CONGO GOVERNMENT MAKES FURTHER GAINS

With the military situation in the Congo considerably improved, Premier Tshombé is moving to extend the diplomatic gains scored at last week's Organization of African Unity foreign ministers' meeting.

Government forces have recaptured several important towns from the rebels. Lisala, a provincial capital 300 miles below the rebel center of Stanleyville, fell early this week, as did Boende east of Coquilhatville. In the central Congo another provincial capital, Lodja, is under heavy government pressure. Rebels reportedly are fleeing the rail town of Kongolo as Tshombé's men move northward toward Kindu.

Near Lake Tanganyika, government forces advancing toward Fizi have stopped to reorganize. Farther north, troops holding Bukavu are reported to be expecting a new rebel attack, although air strikes by T-28s probably have kept the military balance in their favor.

Tshombé goes this weekend to Nairobi for the first meeting

of the OAU's newly established Congo conciliation commission.

25X1

Kenyatta also seems likely to use his influence to limit involvement in Congolese internal affairs. With his aid, and that of moderates on the commission, Tshombé probably will be able to withstand immediate radical pressures to hold early round-table talks with all "Congolese factions." Continuing rebel dissension prevents the radical states from selecting and backing any effective opponent to Tshombé. If the government continues its current military successes the insurgents will soon lose all claims to legitimacy based upon effective control of large sections of the Congo.

25X1

SECRET

SECRET

Asia-Africa

SOUTHERN RHODESIAN INDEPENDENCE ISSUE

The immediate threat of a unilateral declaration of independence by Southern Rhodesia apparently has been staved off as a result of the conference earlier this month between the prime ministers of Britain and Southern Rhodesia. No fundamental issues have been resolved, however, and a new crisis is likely to occur within a few months.

After the London talks, Southern Rhodesian Prime Minister Ian Smith acknowledged that Britain must be satisfied that a majority of the population--and not just the 230,000 white settlers--supported a request for independence. Smith publicly declared that unilateral independence had been "chucked out of the window for the time being," although he hoped the self-governing colony would attain independence by agreement this year.

In Southern Rhodesia, sentiment for independence in the white community has grown during the summer. In early August, cabinet radicals presented Smith with an ultimatum to take steps to achieve this, or be forced out of office as Winston Field was last April. As a result, Smith went to London in an uncompromising mood. The government had scheduled two by-elections for 1 October; one of them, between deputy prime minister Dupont and former federal prime minister Welensky, was being fought on the issue of independence.

London and Salisbury differ in their interpretation of the key point regarding a "popular

mandate" for independence. In Britain's view, there would be no "popular mandate" unless the entire population of the colony endorsed independence under the present constitution which effectively restricts African voting. The Southern Rhodesian Government, on the other hand, intends to use the present voting rolls--about 85,000 Europeans and 15,000 Africans--and the traditional African tribal structure. Conservative chiefs would thereby speak on behalf of over three million Africans. African nationalist leaders have already voiced strong opposition to independence under the present constitution.

Smith's position in Southern Rhodesia appears to have been strengthened by the consultation with British leaders. He has been given time to build up strength in the colony among some moderate sectors of the white community--businessmen, military leaders, and relatively recent arrivals from Britain. The prime minister has probably also been able to satisfy temporarily the radical elements in his own government. If he gains his expected Rhodesian approval for independence, Smith will be in a far stronger position to press London for immediate independence. Although the British Government seems to have removed the Rhodesian issue from the campaign for the 15 October elections, London later will face the same basic dilemma. Acquiescing in independence would arouse the ire of African Commonwealth members, whereas risking a unilateral declaration might oblige Britain to proceed with various sanctions.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 13

Page Denied

25X6

SECRET

Europe

BERLIN PASS NEGOTIATIONS

A new Berlin pass agreement remains as elusive as ever after eight months of negotiations. The two chief negotiators--Horst Korber of West Berlin and Erich Wendt of East Germany--had worked out a new formula, but Bonn turned it down.

Although Wendt this week rejected modifications suggested by Bonn, talks to break the impasse will probably continue.

West Germany's position reflects Chancellor Erhard's opposition to any arrangement like the one negotiated for last Christmas. The provision allowing East German officials to issue passes in West Berlin, the degree to which the signature formula seemed to recognize the East German regime, and reference to Berlin on the application as "the capital of the GDR," were features Bonn found most objectionable.

The latest Korber-Wendt proposal considerably relaxed the restrictions against West Berliners visiting East Berlin. Visiting would have been allowed next Christmas, Easter, Whitsuntide, and for a period this fall. A permanent pass office was also proposed, through which arrangements could be made for visits throughout the year in cases of illness, deaths, births, and marriages.

The new proposals, however, did not overcome Bonn's chief objections. The only change made was to add West Berlin officials, in a minor role, to the pass-issuing operation to create a "mixed presence."

The Bonn Cabinet decided on 9 September to hold out for better terms. Its trumps are Khrushchev's presumed desire to create a favorable atmosphere for his visit to Bonn, and East Germany's need for fertilizers which Bonn has said it will not supply unless there is a satisfactory pass agreement.

Erhard, nevertheless, took the precaution to obtain broad political endorsement of the cabinet's decision. He called a special meeting of the leaders of all the Bundestag parties and with Mayor Brandt--a supporter of the Korber-Wendt draft--at his side won a unanimous agreement that Korber should seek a better deal. To help his case, Erhard broke the news of the recent poison gas attack on a West German diplomat in the Soviet Union.

The meeting with Wendt on 14 September took place in a "frosty atmosphere." Korber, nevertheless, proposed elimination of the offensive clause describing Berlin as the "capital of the GDR," advanced an innocuous signature formula and asked that the agreement remain valid through the 1965 Christmas season. Two days later, Wendt rejected the proposals. It is not known whether these developments are connected with the East German slowdown of Berlin truck traffic, which began on 15 September.

Despite the momentary show of harmony in the West German camp, Erhard will be in political hot water if the negotiations break down completely. He will probably come under attack not only from the opposition Social Democrats, but also from his coalition partners, the Free Democrats.

25X1

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 15

SECRET

Europe

EUROPEAN POLITICAL UNION

Belgian Foreign Minister Spaak has given further impetus to the reviving interest in European political union with the proposals he advanced at last week's Western European Union meeting. He urged the creation of a political commission of "three wise men" with a three-to five-year mandate to encourage political cooperation and, based on that experience, to work out definitive plans for European unification. His idea borrows from the EEC's experience that an "independent" commission can help push sovereignly-conscious states toward closer economic integration.

Spaak evidently hopes his plan will skirt issues which have previously blocked any substantial progress toward political union. Postponement of a formal treaty until after a "trial" period might temporarily avoid the question of Britain's participation and the relationship of the projected political union to NATO and the EEC.

Spaak reportedly also feels that the largely procedural character of the commission might at the same time make its "supranationalist" aspect more palatable to De Gaulle. Paris' initial reaction was one of "interest" and Foreign Minister Couve de Murville will reportedly discuss it at the EEC Council of Ministers' meeting this week. West German Foreign Minister Schroeder has also com-

mented favorably on Spaak's proposal, but the reaction in London and The Hague has been negative.

The British are always fearful that the Six will proceed to a closer union without them, and the Dutch--in addition to their usual support of London on this issue--are annoyed by Spaak's failure to notify them of his intention to disclose his plan at this time.

The West Germans themselves are making some progress in their effort to draft a political union treaty, which will probably be a stronger version of the ill-fated proposals for a loose union of states, developed in 1961 and 1962 by the Fouchet Committee. The West German Foreign Ministry is also considering proposals for significantly strengthening existing community institutions.

The German ideas were probably discussed with a French official who visited the German capital this week, and may also be considered by other French, Italian and Dutch officials expected this month.

Rome's policy on European integration was sharply criticized in the Italian Parliament last month. The US Embassy believes that the center-left coalition may have to take account of right-wing pressures for some progress toward union, even if along Gaullist "confederal" lines.

SECRET

SECRET

Europe

NATO'S UNANSWERED QUESTIONS ON MALTA

The North Atlantic Council (NAC) has approved an overture to Malta aimed at retaining NATO's installation on that island for the time being, but leaving undecided Malta's post-independence relationship to NATO.

The NAC agreed this week to request the Maltese Government to honor existing agreements regarding the headquarters on Malta of the commander-in-chief of allied forces in the Mediterranean at least until new arrangements have been discussed. In addition, Deputy Secretary General James Roberts, who will attend the independence ceremonies on 21 September, has been authorized to sound out the Maltese on the possibilities of a broader agreement.

This cautious approach fuzzes over the question of whether Malta--which is also the site of an important British base--will be legally within NATO's defense perimeter after independence. It also reflects the council's sharp divisions over what an independent

Malta's connection with NATO ought to be. The Belgians, for example, favor offering Malta full membership in NATO. The French, on the other hand, are against any dealings unless Malta specifically asks. Indeed, French resistance to the Roberts mission was overcome only when it was stipulated that the envoy's explorations would be purely oral.

Some thought has been given to transferring the NATO command to Naples. Malta, however, has also been considered as a possible base for the seaborne multilateral nuclear force (MLF) now under consideration by several NATO countries.

The possibility that Dom Mintoff, head of Malta's opposition Labor Party, will win the first post-independence general elections also complicates the picture. Mintoff would, at best, be politically unpredictable. He has advocated Maltese neutrality and London has long been suspicious of his flirtations with Moscow, Cairo, and Algiers. 25X1

AREA NOTE

Finland: The inauguration last week of a new coalition government under Johannes Virolainen, the chairman-elect of the dominant Agrarian Party, ended nine months of rule by a caretaker government of civil servants. It probably also precludes the need for a special parliamentary election before the regularly scheduled one in 1966.

In addition to the Agrarians, the coalition consists of two center parties--the Finnish and Swedish People's Parties--and the Conservatives. Of the 15 cabinet positions, the Agrarians hold 7, the Conservatives 3, and the two center

parties 2 each. The 15th minister is a nonparty civil servant. The cabinet is supported by 113 of 200 parliament members. In opposition are the Communists and Socialists who respectively control 47 and 40 parliamentary seats.

The most difficult problems facing the new government are of a budgetary nature. In order to get agreement on the coalition, Virolainen apparently had to agree to retract certain fiscal proposals of the caretaker government. These included an increase in personal income taxes and 25X1 an increase in interest rates on state loans for housing and land settlement.

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 17

SECRET

Western Hemisphere

RECENT DEVELOPMENTS IN GUATEMALA

Guerrillas and intriguing politicians continue to pose problems for the Peralta government. The regime, however, seems well informed of the cabals and is ready to take precautionary protective measures.

The arrest on 6 September of a key urban guerrilla leader seems to have thwarted terrorist plans to cause trouble in Guatemala City during this week's independence celebrations.

Internationally, the Guatemalan Government is preoccupied with its campaign to block London's plan--which has Mexico's blessing--to grant eventual independence to British Honduras. The Guatemalan Constituent Assembly has recently reaffirmed Guatemala's claim to Belice, the local name for the area. In British Honduras, however, interest in association with Guatemala is only negligible.

High-level talks between a British official and the Guatemalans are scheduled in Guatemala later this month on the Belice problem. The mutually incompatible position of the two countries, however, seems to preclude any significant movement toward a mutually satisfactory settlement.

25X1

25X1

25X1

Page Denied

25X1

SECRET

Western Hemisphere

AREA NOTE

Uruguay: The disturbances that troubled Montevideo for several days following Uruguay's break with Cuba on 8 September were sparked by pro-Communist elements. Although generally effective police work kept the situation from getting out of hand, security measures remain in force as a precaution against the lingering possibility of another flare-up.

One result of recent events may be a stiffening in the rul-

ing Blanco Party's resolve to deal more severely with leftist extremism in the future than it has in the past. Another might be a weakening in the position of the opposition Colorado Party whose representatives on the governing National Council of Government abstained on the vote to sever relations with Havana. Some reverberations may occur in the Foreign Ministry since Foreign Minister Zorrilla actively opposed the break with Cuba.

25X1

* * *

SECRET

18 Sept 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 20

Page Denied

SECRET

SECRET
